

FY 2015 City Manager's Proposed Budget

Accountable,
Effective, and
Well-Managed

April 2, 2014

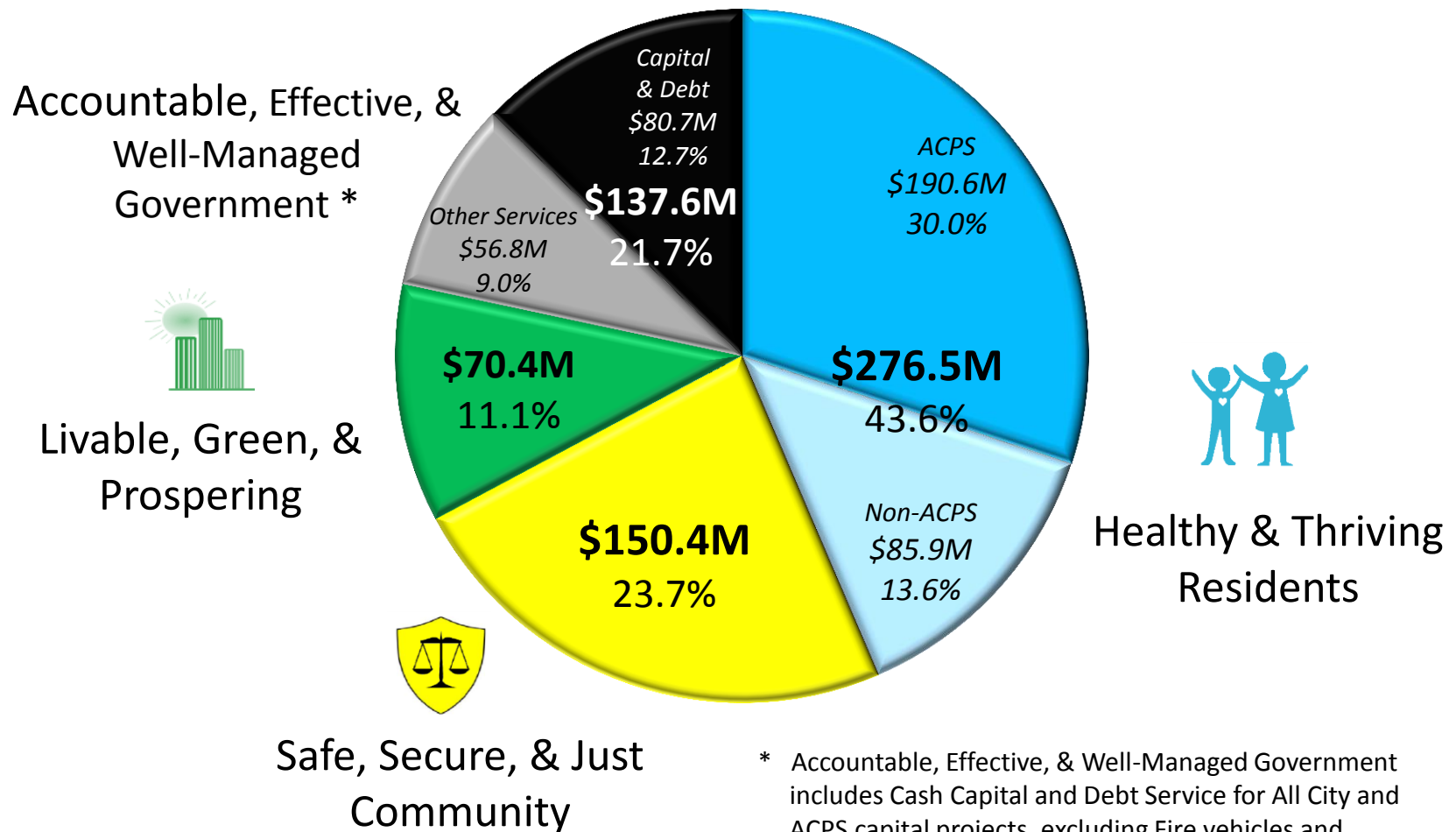
A collage of four images: top-left shows a group of five young girls smiling; top-right shows a group of people riding bicycles on a path; bottom-left shows construction workers in safety vests near a yellow excavator; bottom-right shows a group of people playing on a red and blue playground slide. The collage is overlaid with a repeating pattern of the City of Alexandria logo and the text "Accountable, Effective, & Well-Managed Government", "Livable, Green & Prospering", "Healthy & Thriving Residents", and "Safe, Secure & Just Community".

PROPOSED OPERATING BUDGET

— FISCAL YEAR 2015 —
JULY 1, 2014 – JUNE 30, 2015

The logo of the City of Alexandria, Virginia, featuring a circular seal with a ship on the water and the text "CITY OF ALEXANDRIA VIRGINIA" around the perimeter.A photograph of the City of Alexandria clock tower, a tall brick building with a clock face and a spire.

FY 2015 Proposed General Fund Budget by Program



* Accountable, Effective, & Well-Managed Government includes Cash Capital and Debt Service for All City and ACPS capital projects, excluding Fire vehicles and apparatus CIP and transportation projects

Accountable, Effective & Well-Managed Government General Fund Only

■ Departments:

- City Attorney
- City Clerk and Clerk of Council
- City Council
- City Manager
- Communications and Public Information
- Finance
- General Services
- Human Resources
- Information Technology Services
- Management and Budget
- Non-Departmental
- Performance & Accountability

Focus Area
General Fund
Programmatic
Total:

\$56.8M

*City / Cash Capital + Debt
Service: **\$54.8M**

ACPS / Cash Capital + Debt
Service: **\$25.9M**

General Fund Total:
\$137.6M



*Cash capital does not include additional \$3.0 million from prior year project balances.

Accountable, Effective & Well-Managed Government General Fund Expenditures



Total Focus Area
Investment:
\$137.6M

The City will also invest **\$80.7M**
(12.7% of General Fund
revenues) in FY15 on Cash
Capital & General Debt Service

Accountable

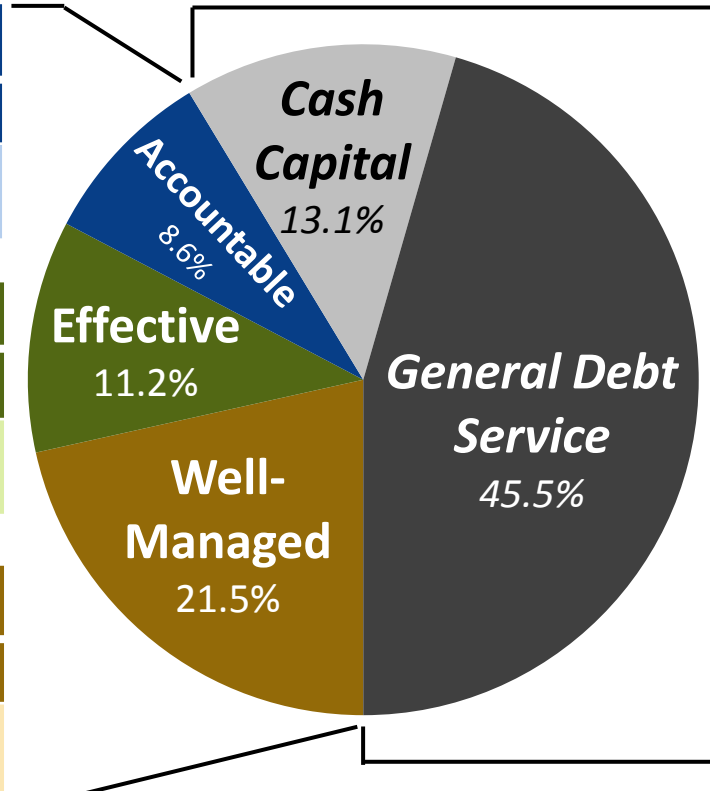
\$11.9M in 9 Programs	FY14	FY15
Ensure the City Government is accountable to the community	\$11.3M	\$11.9M

Effective

\$15.4M in 12 Programs	FY14	FY15
Achieve results that the community values	\$14.4M	\$15.4M

Well-Managed

\$29.6 in 18 Programs	FY14	FY15
Ensure the fiscal strength of the city government	\$32.9M	\$29.6M



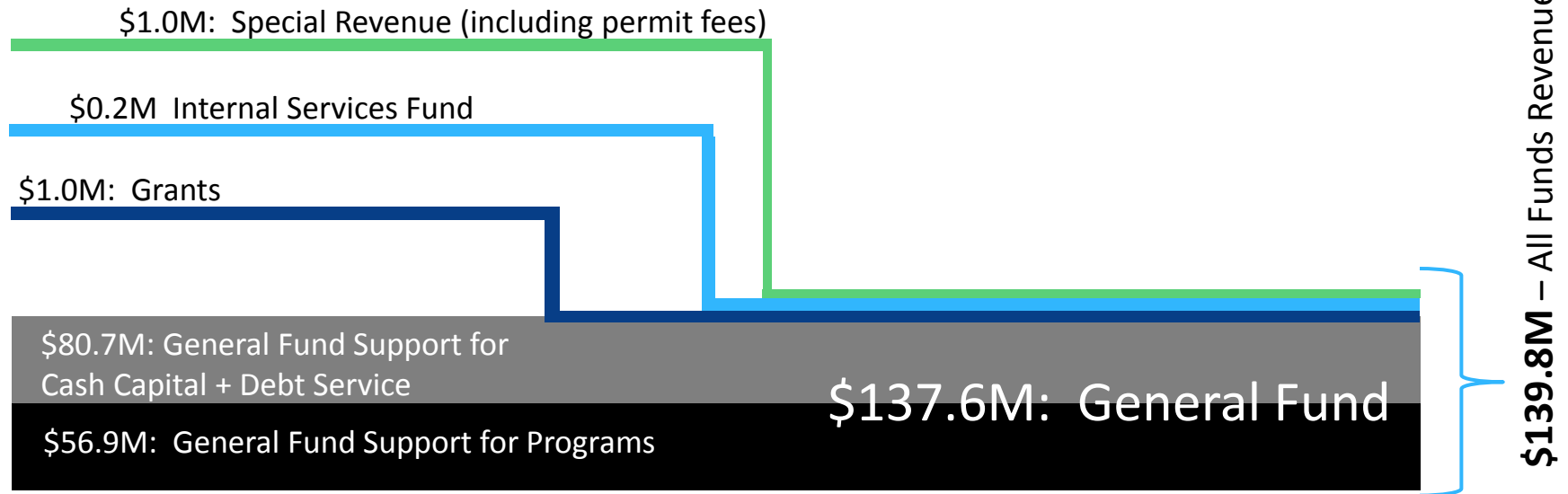
Cash Capital & General Debt Service

\$80.7M	FY14	FY15
Cash Capital	\$17.8M	*\$18.1M
General Debt Service	\$56.0M	**\$62.7M

*Cash capital does not include additional \$3.0 million from prior year project balances.
**Total Debt Service is \$64.4M, with \$1.7 accounted for in other focus areas.

All Funds Revenues – \$139.8M

- The Accountable, Effective and Well-Managed Government Focus Area is supported primarily by City General Fund Revenues. Where possible, the Focus Area leverages the use of funding beyond the General Fund to provide additional services to achieve long-term outcomes.



Changes in All Funds Revenues

Fund	FY 2014	FY 2015	Change	%
General Fund (Programs)	\$58.6m	\$56.9m	-\$1.7m	-2.9%
*General Fund (Cash Capital & Debt Service)	\$73.8m	\$80.7m	\$6.9m	9.4%
Grants	\$1.0m	\$1.0m	\$0.0m	0.0%
Special Revenue	\$0.8m	\$1.0m	\$0.2m	26.0%
Internal Service	\$0.04m	\$0.2m	\$0.2m	347.5%
Total	\$134.2m	\$139.8m	\$5.6m	4.2%

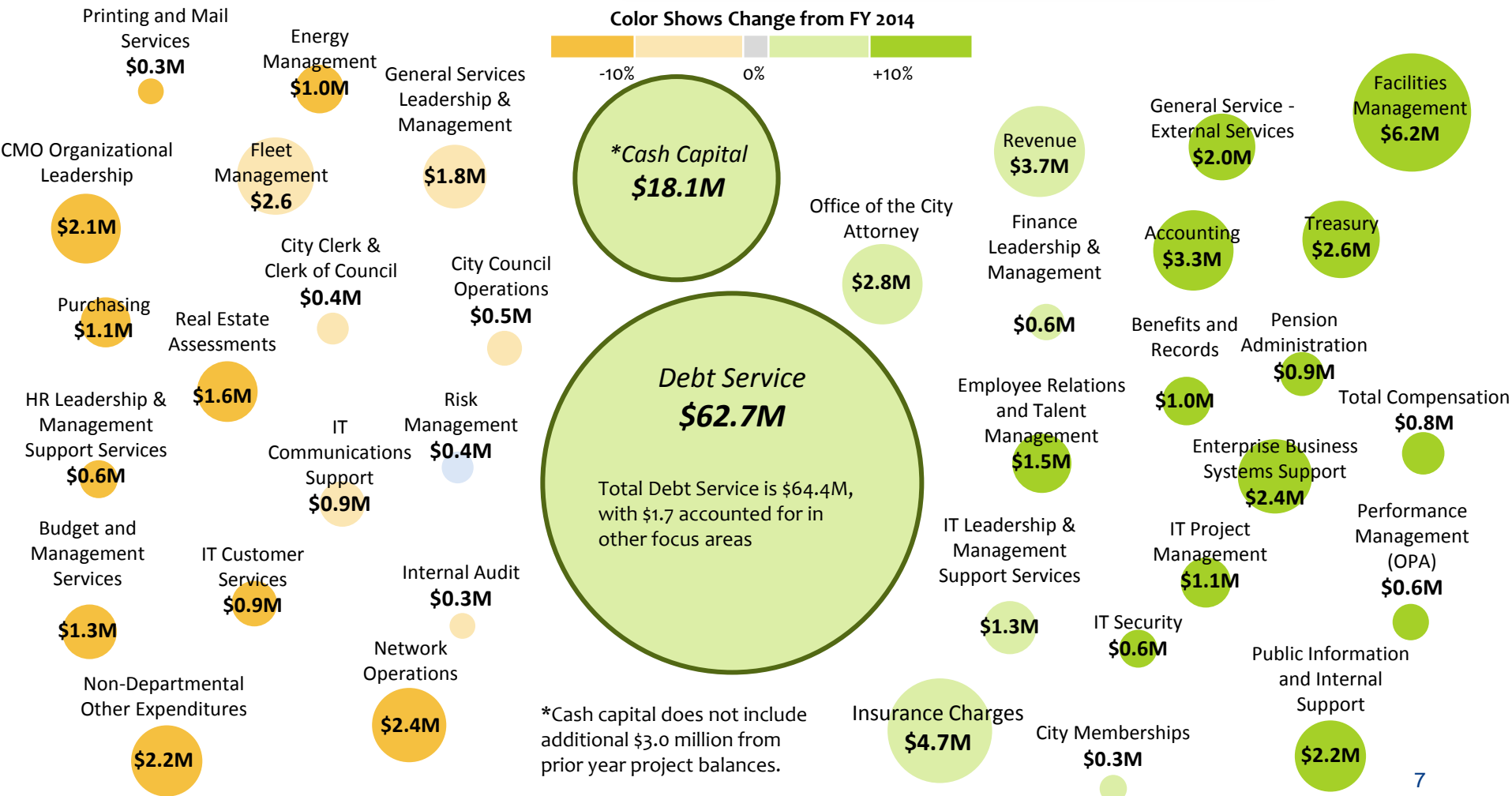
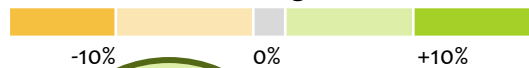
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Size and Changes in All Funds Program Allocations (\$139.8M)

Cash Capital + Debt Service: \$80.7M

Programs: \$59.1M (5.7% of City All Funds Budget)

Color Shows Change from FY 2014



Priorities and Trade-Offs

Focusing resources on specific programs to achieve outcomes

Implementing adopted Civic Engagement policies

Merit pay, career ladders, health insurance

Employee professional development

Project Management

Securing systems and facilities

Performance management and strategic planning

Organizational restructuring and gaining efficiencies

Investing in Existing Assets/Core Programs

Preventative maintenance and cost avoidance

IT Infrastructure

Adhering to capital funding policies

Programmatic Investments by Long-Term Outcome

All Values Provided as All Funds



Focus Area Team Process and Guidance

Focus on investments in existing infrastructure and capital assets

- Preventative and routine maintenance
- Future cost avoidance

Support the activities of City agencies to achieve outcomes

- Continue core internal services and strive toward process improvement and gaining efficiencies
- Strategic planning and work programming (Results Alexandria)
- Enterprise Resource Planning

Support the City's workforce and human capital

- Compensation, classification & benefits
- Continued implementation and focus on Risk Management strategies

Adhere to City Council commitments and policies

- Adopted Civic Engagement Principles
- Cash Capital and Debt Service policies/guidance
- Maintain post-implementation operational systems support

Ensure City government is accountable to the community

ACCOUNTABLE

Total Investment in Outcome:

FY14: \$11.3M

FY15: \$11.9M

Real Estate Assessments

FY14: \$1.9M

FY15: \$1.6M

Benefits &
Records

FY14: \$756K

FY15: \$996K

Performance
Management (OPA)

FY14: \$396K

FY15: \$567K

Other Programs: \$8.7m

Key Performance Measures	FY14	FY15	
Number of AlexStat meetings	8	15	↑
Number of complaints investigated (by Internal Audit)	100%	100%	↔
Percent of locally assessed real property (parcels) that have been annually assessed	100%	100%	↔

Targeted Investments:

- **Performance & Accountability**
 - Improve performance management and analysis – engaging in strategic planning and work plan development to improve decision-making across the organization
- **Civic Engagement**
 - Ensure consistency in approach from staff, community organizations, civic associations, boards, and commissions; building common understanding of adopted principles, and a uniform application of practices
- **Benefits & Records**
 - Exploration of a new web-based benefits platform to improve benefits administration and Affordable Care Act (ACA) compliance
 - Maintain and improve on-going implementation of the City's Human Resources systems, including the Enterprise Resource Planning system

Targeted Efficiency

- Shift of Real Estate Assessments as a program under Finance while maintaining levels of service

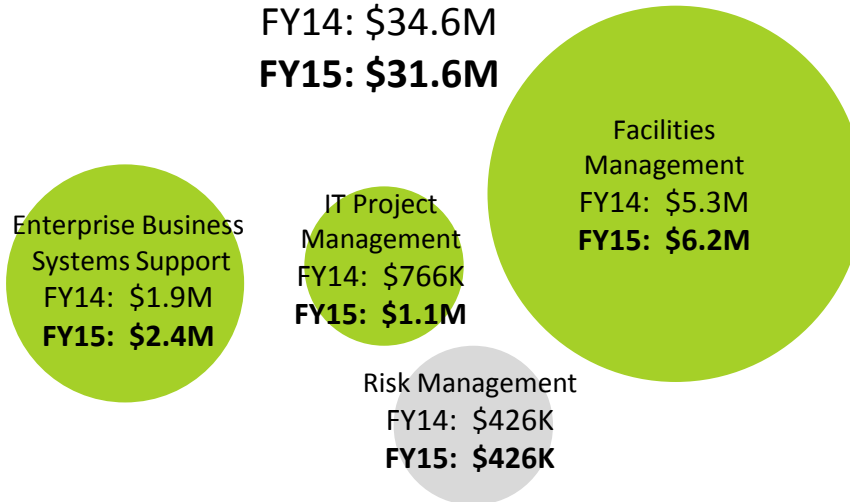
Ensure the fiscal strength of the City government

WELL-MANAGED

Total Investment in Outcome:

FY14: \$34.6M

FY15: \$31.6M



Other Programs: \$21.5m

Key Performance Measures	FY14	FY15
Number of preventative maintenance hours completed annually (by Facilities Management)	3500	4000
Number of IT Projects managed	14	18
Number of safety outreach initiatives conducted (by Risk Management)	130	150



Targeted Investments:

Facilities

- Invest in preventative maintenance to improve the useful life of City assets

Risk Management

- Focus resources on Return-to-work and safety management activities

Information Technology

- Strengthen IT project management service-improving life-cycle management and reducing future costs
- Invest in preventative maintenance for existing infrastructure and applications to ensure long term stability and security

Retiree Health Insurance

- City pays \$2.45 million on behalf of retirees
- Efficiencies in new Medicare Advantage plan through United Health Care now in place; savings of \$3,000-\$9,000 for retirees in annual premiums, plus no deductibles

Targeted Reprioritization:

Retiree Life Insurance

- Shift cost of premiums from the City to retirees while maintaining eligibility for coverage; average annual cost of \$253 per retiree. The cost to the City to provide this coverage would be \$264,598.

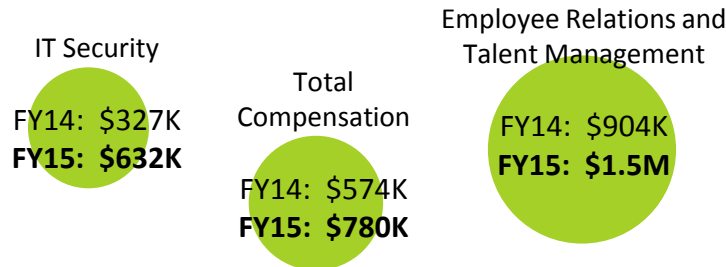
Achieve results that the community values

EFFECTIVE

Total Investment in Outcome:

FY14: \$88.3M

FY15: \$96.4M



*Cash Capital & General Debt Service: \$80.7m

Other Programs: \$12.7m

*Cash capital does not include additional \$3.0 million from prior year project balances.

Key Performance Measures	FY14	FY15	
Number of classes available to employees	45	50	↑
Percent of network clients protected with the latest security patches & software	85%	92%	↑
% of candidates receiving job offers who did not identify pay as a barrier to employment	95%	95%	↔

Targeted Investments:

- **Classification and Compensation**
 - Create/enhance medical standards
- **IT Security**
 - Improve security operations through creation of a security architecture plan, mobile device support, and network access control
- **Employee Relations**
 - Increase training and professional development opportunities for City employees
 - New investigator position to conduct non-criminal inquiries; aim is to put in place better policy / regulation, reduce cost of outside investigators, and decrease liability
- **Adhere to City Council policy requirements on debt service and cash capital transfer**

Achieve results that the community values

Tax Policy & Housing Support

- The FY 2015 Proposed Budget includes new eligibility requirements for the Elderly & Disabled **Tax Relief Program** (as detailed in Budget Memo #9 delivered to the Mayor and City Council on March 14, 2014)
- New eligibility limits are being proposed
- The FY 2015 Proposed Budget maintains a \$2 million investment in the Elderly & Disabled Tax Relief Program (down from \$3.3 million)
- Of the estimated \$1.3 million in new revenue available to the City as a result of this change in eligibility, \$300,000 would be used to enhance the City's Elderly & Disabled **Rent Relief Program** (total of \$516,252 available for FY 2015)
 - The City's Rent Relief Program has shown the ability to effectively leverage funding by assisting those residents with high rent-to-income burdens (as seen on the following slide)

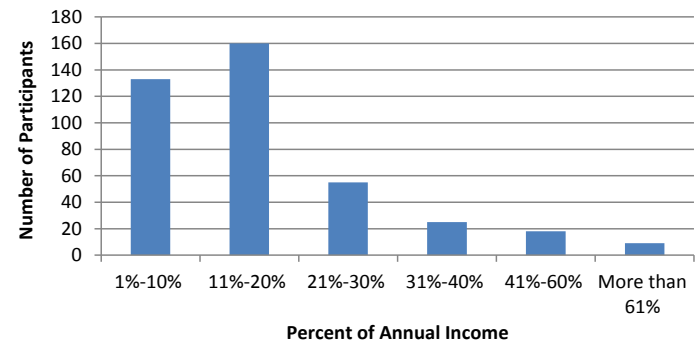
EFFECTIVE

Achieve results that the community values

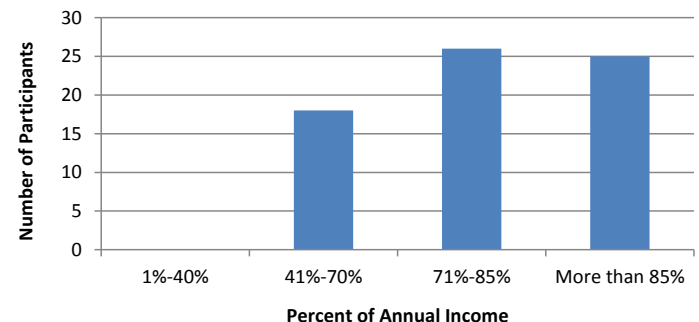
Tax Policy & Housing Support

- Reprioritizing \$300,000 from Tax Relief to Rent Relief shifts City resources to those elderly and disabled persons that have a higher housing burden on their income
- Nearly 75% of participants (293 out of 400) proposed to be removed from the Tax Relief Program spent **20% or less** of their annual income on Real Estate Taxes
- Conversely, nearly 75% of participants (51 out of 69) served by the Rent Relief Program spent **more than 70%** of their annual income on Rent

Real Estate Taxes
(as % of Income)



Rent
(as % of Income)



General Fund Overview with Cash Capital and Debt Service



FY 2015 General Fund

\$634.8 million

Color Shows Change from FY 2014

-5%

0%

+5%



FOCUS AREAS



HEALTHY & THRIVING
RESIDENTS



ACCOUNTABLE,
EFFECTIVE, &
WELL-MANAGED
GOVERNMENT

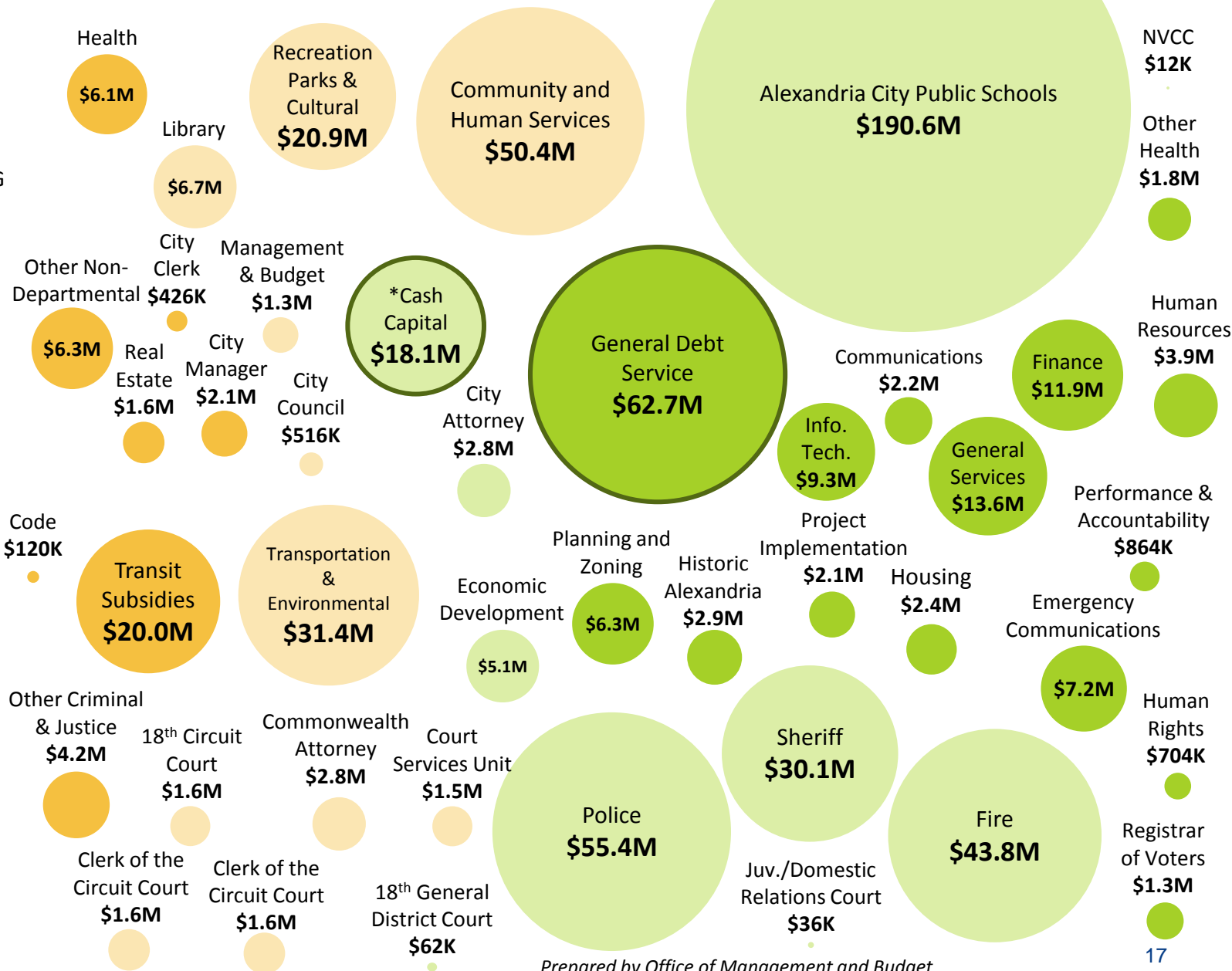


LIVABLE, GREEN,
& PROSPERING

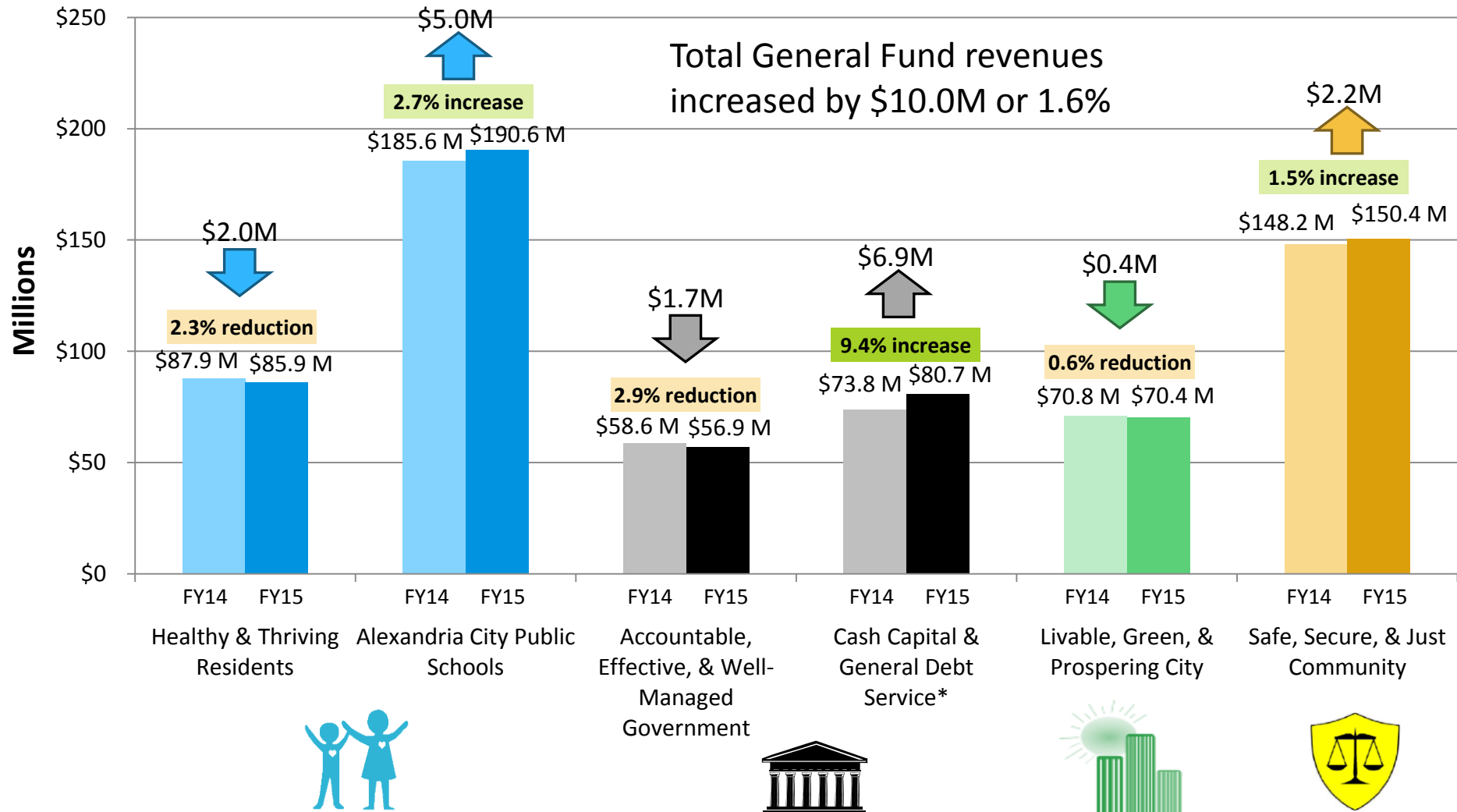


SAFE, SECURE, &
JUST COMMUNITY

*Cash capital does not
include additional \$3.0
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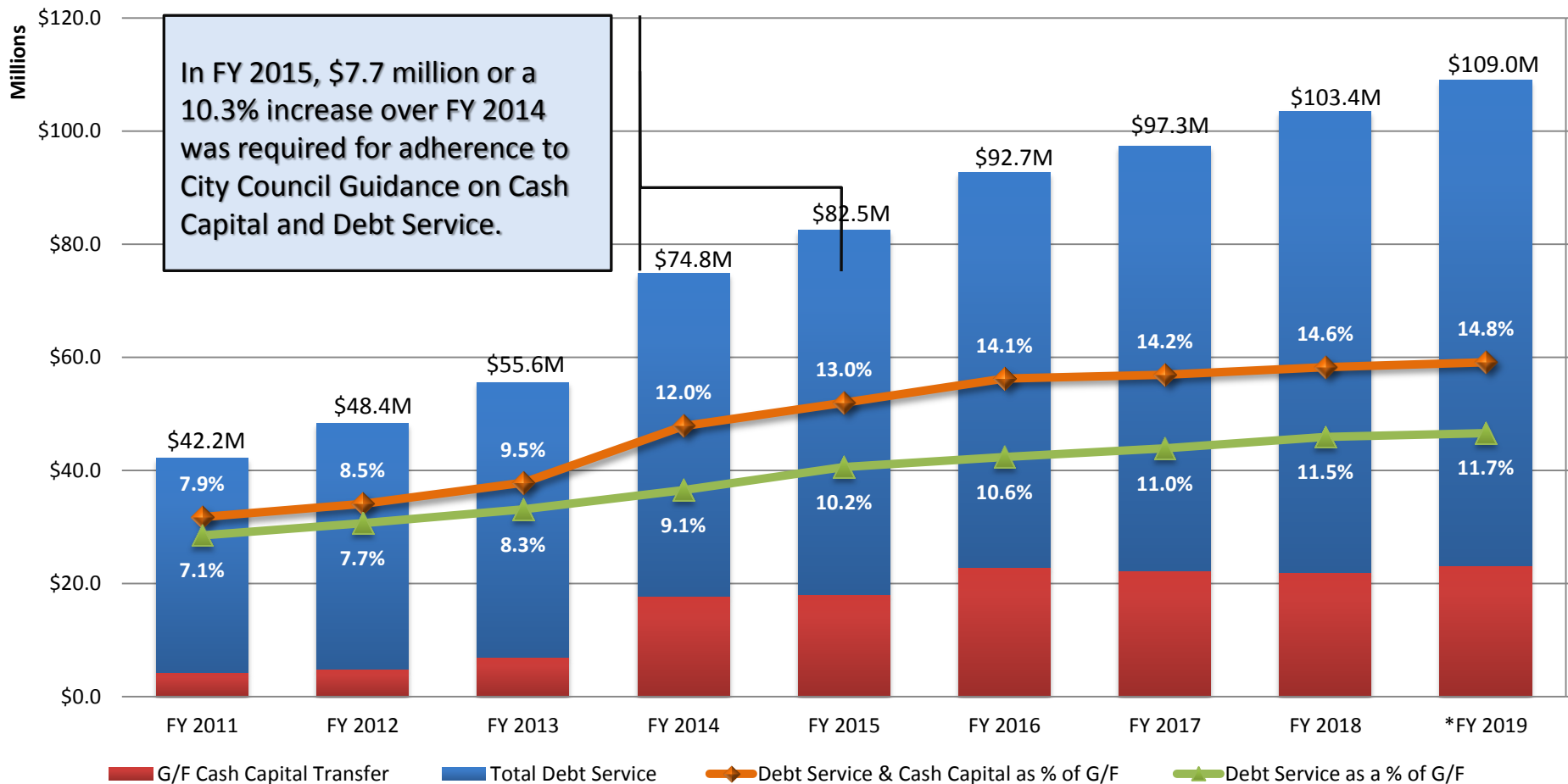
General Fund Year-to-Year Change by Focus Area



**Note: Total cash capital & debt service is \$82.5 million, with \$1.7 accounted for in other focus areas. Cash capital does not include additional \$3.0 million from prior year project balances.*

City Council Policies – Debt Service & Cash Capital

Impact of City Council Guidance on Debt Service and Cash Capital



Note: *Debt Service excludes Potomac Yard Metrorail Station Debt beginning FY 2019
General Fund Growth is assumed at 3.8% from FY 2016 – FY 2019

Key Budget Development Dates

Tuesday, February 25, 2014	FY 2015 Proposed Budget Presentation
Saturday, March 8, 2014	Work Session: Revenues, Five-Year Financial Planning Model; Compensation
Monday, March 10, 2014	City Council Special Public Hearing: FY 2015 Budget
Tuesday, March 11, 2014	City Council Legislative Meeting: Introduce Tax Rate Ordinances
Wednesday, March 12, 2014	Work Session: Livable, Green and Prospering Focus Area
Tuesday, March 18, 2014	Work Session: Health and Thriving Residents Focus Area
Wednesday, March 19, 2014	Work Session: Alexandria City Public Schools
Wednesday, March 26, 2014	Work Session: Safe, Secure, and Just Community Focus Area
Wednesday, April 2, 2014	Work Session: Accountable, Effective, and Well-Managed Government Focus Area
Thursday, April 3, 2014	Public Town Hall
Thursday, April 10, 2014	Work Session: Capital Improvement Plan
Saturday, April 12, 2014	City Council Public Hearing: Tax Rate Ordinances
Monday, April 21, 2014	Work Session: Preliminary Add/Delete
Thursday, April 24, 2014	Work Session: BFAAC and Business Tax Reform Task Force
Monday, April 28, 2014	Work Session: Final Add/Delete
Thursday, May 1, 2014	FY 2015 Budget Adoption